



South Central Idaho News

BLAINE, CAMAS, CASSIA, GOODING, JEROME, LINCOLN, MINIDOKA & TWIN FALLS COUNTIES

ECONOMIC TRENDS

The seasonally adjusted unemployment rate for the Twin Falls/Jerome Micropolitan Statistical Area was 3.2 percent in July, unchanged from June but one-tenth of a percentage point lower than July 2005. The civilian labor force grew 5.5 percent year over year. But nonfarm payroll jobs were down slightly from July 2005, the first time there has been any decline in well over a year.

From mid-2005 to mid-2006, the region experienced meteoric, almost uncontrolled growth. Light manufacturing grew tremendously with the arrival of new manufacturers such as Jayco Inc., Kiefer Built and Hilex Poly. Low mortgage interest rates coupled with low unemployment worked to increase the number of new housing starts to record-shattering levels, maintaining the strength of construction. Market-driven sectors such as retail and services rose in proportion to increased demand and greater discretionary income from better wages and high consumer confidence.

But in July the economy started to catch up with itself. Sectors that had seen huge increases began stabilizing and in some cases declining. This should not be viewed with alarm but actually with some relief because the economy seems to be settling in. Analysis is now possible to develop strategies to ensure a good supply of workers for new and existing employers. Already, as a result of the huge demand in the construction sector, the College of Southern Idaho has developed a curriculum to train qualified construction workers for future projects. The school has also received a grant to improve offerings in health professions for nurses, radiology technicians and therapists.

South Central Idaho Table 1: Twin Falls-Jerome MicSA Labor Force & Employment—Twin Falls and Jerome counties

	Jul 2006*	Jun 2006	Jul 2005	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	51,340	50,890	48,680	0.9	5.5
Unemployment	1,670	1,640	1,620	1.8	3.1
% of Labor Force Unemployed	3.2	3.2	3.3		
Total Employment	49,670	49,250	47,060	0.9	5.5
Unadjusted					
Civilian Labor Force	51,610	51,340	48,530	0.5	6.3
Unemployment	1,590	1,530	1,560	3.9	1.9
% of Labor Force Unemployed	3.1	2.8	3.2		
Total Employment	50,020	49,810	46,970	0.4	6.5
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs**	40,150	39,880	40,320	0.7	-0.4
Goods-Providing Industries	7,100	6,880	6,450	3.2	10.1
Natural Resources & Mining	40	40	40	0.0	0.0
Construction	2,490	2,380	2,080	4.6	19.7
Manufacturing	4,570	4,460	4,330	2.5	5.5
Food Manufacturing	2,500	2,450	2,480	2.0	0.8
Other Manufacturing	2,070	2,010	1,840	3.0	12.5
Service-Providing Industries	33,000	33,000	33,870	0.0	-2.6
Trade, Transportation & Utilities	10,070	10,020	10,030	0.5	0.4
Wholesale Trade	1,930	1,910	1,690	1.0	14.2
Retail Trade	5,790	5,760	6,060	0.5	-4.5
Utilities	160	160	180	0.0	-11.1
Transportation & Warehousing	2,210	2,210	2,100	0.0	5.2
Information	610	610	600	0.0	1.7
Financial Activities	1,780	1,780	1,780	0.0	0.0
Professional & Business Services	5,010	5,010	5,290	0.0	-5.3
Educational & Health Services	3,550	3,550	4,510	0.0	-21.3
Leisure & Hospitality	3,400	3,400	3,080	0.0	10.4
Other Services	1,370	1,370	1,330	0.0	3.0
Government Education	3,210	3,210	3,510	0.0	-8.5
Government Administration	4,030	4,030	3,740	0.0	7.8

*Preliminary Estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

The outlook for the south central Idaho economy in the short term remains very bright. Unemployment should continue to be low through 2006 and into the first quarter of 2007. A leveling off of construction jobs is expected, but demand should remain very strong since many contractors are booked into early 2007. Light manufacturing demand will also continue to be strong. Jayco is planning an expansion in Twin Falls that should result in over 100 new jobs. In the Mini-Cassia area, Dutchmen Manufacturing will be opening a new recreational vehicle assembly plant that should result in about 200 new jobs. Retail and services should continue to ride high on consumer confidence. There is some concern that high fuel prices will cut into consumers' discretionary income, especially those who commute some distance to work. This will especially affect such big-ticket items

as new automobiles, home appliances and even new homes. Tourism should remain above average as long as world events do not interfere greatly with air travel. This region's tourists mostly travel by ground. Thus far, fuel prices have had a limited effect, especially on local residents making weekend outings. Sun Valley should see good tourism numbers if the snow year is good.

One area of concern is in agriculture and water rights. It was thought that an agreement had been reached between groundwater and surface water users. However, a judge voided the deal, and the Idaho Department of Water Resources ordered groundwater users to provide 26,700 acre-feet of water to surface water users, based on water right seniority. The affected pumpers must submit a curtailment plan that totals the 26,700 acre-feet target or face their wells being closed down. This affects approximately 40 dairies and three municipalities. The cities of Jerome, Wendell and Shoshone faced curtailments ranging from 11 percent of municipal usage to 46 percent. This is worrisome both from a standpoint of existing usage and future growth. Failure to resolve this continuing dispute once and for all can affect not only housing plans but also economic development potential.

The future for agriculture in general is somewhat mixed. Currently, lower demand has driven potato prices down, and there is concern that cheap sugar cane will be imported from Central America under the Central American Free Trade Act and drive sugar beet prices down. Otherwise, commodity prices look average to above average. Demand for dairy products continues to be stable. The reopening of the Japanese market to U.S. beef bodes well for that sector. As always, a good snow pack is needed to continue to reverse the effects of a six-year drought.

AREA DEVELOPMENTS

Twin Falls County

- On Aug. 29, 2nd District Congressman Mike Simpson paid a visit to the Magic Valley Office of Idaho

Commerce & Labor, meeting with the office management team, the regional economist and the department's legislative liaison. He was given a tour of the facilities and shown how the office takes care of its customers and fulfills the department's mission. He learned about all of the services offered as well as office facilities such as the computer laboratory, conference room and interview rooms and their roles in serving existing businesses and assisting economic development projects. He was briefed on the construction of the new office in Twin Falls. After the office tour, staff accompanied Simpson on a tour of Hilex Poly Inc. in Jerome. Hilex Poly is one of the largest plastic bag manufacturers in the nation. The company came to Jerome and located in the former Moore North American building across from Jerome Cheese in the Jerome Industrial Park. The timing was extremely fortuitous because Moore North American had just closed and displaced over 100 workers. Hilex Poly hired many of those workers and has actually expanded its work force to about 150. Congressman Simpson was impressed by the technology, including robotics, and the highly trained workers making extremely good wages with benefits.

- The new Idaho Commerce & Labor office in Twin Falls should be completed in October. The new location is virtually across the street from the College of Southern Idaho and will be very convenient in the department's partnership with the college.

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